

Givex Information Technology Group Limited
Interim Condensed Consolidated Financial Statements
(Unaudited)
For the three months ended March 31, 2022 and 2021
(Expressed in thousands of Canadian dollars)

Notice of No Auditor Review of the Interim Financial Statements

The accompanying unaudited condensed interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity's auditor.

Givex Information Technology Group Limited
Interim Condensed Consolidated Statements of Financial Position
(Unaudited)
As at March 31, 2022 and December 31, 2021
(Expressed in thousands of Canadian dollars)

	March 31, 2022	December 31, 2021 (audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 28,833	\$ 36,817
Restricted cash	1,730	2,661
Term deposits	505	496
Trade receivables	8,416	8,425
Inventory	3,362	2,300
Prepaid expenses and deposits	894	1,667
Total current assets	43,740	52,366
Non-current assets:		
Non-current prepaid expenses and deposits	723	604
Loans receivable	1,044	1,144
Property and equipment	2,520	2,007
Right-of-use assets	5,156	5,567
Goodwill (Note 5)	6,451	2,476
Intangible assets (Note 6)	9,011	2,641
Deferred income tax asset	2,741	3,687
Total non-current assets	27,646	18,126
Total assets	\$ 71,386	\$ 70,492
Liabilities		
Current liabilities:		
Current portion of bank loans (Note 7)	\$ 4,055	\$ 3,992
Trade and other payables	4,649	6,685
Government remittances payable	383	770
Income taxes payable	631	548
Current portion of contingent consideration payable	249	123
Current portion of promissory notes payable	331	334
Current portion of lease liabilities	2,285	2,282
Contract liabilities	3,154	3,834
Total current liabilities	15,737	18,568
Non-current liabilities:		
Bank loans (Note 7)	2,636	386
Forgivable loan	40	40
Contingent consideration payable	94	220
Promissory notes payable	1,304	336
Lease liabilities	3,498	3,962
Total non-current liabilities	7,572	4,944
Total liabilities	23,309	23,512
Shareholders' Equity		
Share capital (Note 8)	26,307	23,346
Contributed surplus	7,059	6,342
Retained earnings	14,711	17,292
Total shareholders' equity	48,077	46,980
Total liabilities and shareholders' equity	\$ 71,386	\$ 70,492

The accompanying notes form an integral part of these interim condensed consolidated financial statements

Givex Information Technology Group Limited
Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
(Unaudited)
For the three months ended March 31, 2022 and 2021
(Expressed in thousands of Canadian dollars)

	2022	2021
Revenue from contracts with customers		
Services and payments revenue	\$ 15,127	\$ 12,303
Hardware and other revenue	1,205	683
Total revenue	16,332	12,986
Direct cost of revenues		
Services and payments revenue	4,518	3,840
Hardware and other revenue	900	412
Total direct cost of revenues	5,418	4,252
Gross profit	10,914	8,734
Expenses		
General and administrative (Note 11 and Note 13)	8,948	7,220
Sales and marketing	710	190
Foreign exchange (gain) loss	(14)	49
Depreciation of property and equipment	230	410
Depreciation of right-of-use assets	589	500
Share-based compensation	2,989	-
Amortization of intangible assets	439	227
	13,891	8,596
Income (loss) before undernoted item and income taxes	(2,977)	138
Net finance costs	131	130
Income (loss) before income taxes	(3,108)	8
Income tax provision (recovery) (Note 9)	(527)	17
Loss and comprehensive loss	\$ (2,581)	\$ (9)
Loss per share (Note 10)		
Basic and diluted	\$ (0.02)	\$ -

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Givex Information Technology Group Limited
Interim Consolidated Statements of Changes in Shareholders' Equity
Three months ended March 31, 2022 and 2021
(Expressed in thousands of Canadian dollars, except number of shares)

	Number of common shares ¹	Share capital	Retained earnings	Contributed surplus	Total equity
Balance as at December 31, 2020	90,213,300	\$ 3,604	\$ 18,809	\$ -	\$ 22,413
Net loss	-	-	(9)	-	(9)
As at March 31, 2021	90,213,300	\$ 3,604	\$ 18,800	\$ -	\$ 22,404
Balance as at December 31, 2021	115,108,304	\$ 23,346	\$ 17,292	\$ 6,342	\$ 46,980
Net loss	-	-	(2,581)	-	(2,581)
Shares issued pursuant to business combinations (Note 4)	814,081	689	-	-	689
Shares issued pursuant to vesting of restricted share units	2,271,675	2,272	-	(2,272)	-
Share-based compensation to employees	-	-	-	2,989	2,989
As at March 31, 2022	118,194,060	\$ 26,307	\$ 14,711	\$ 7,059	\$ 48,077

The accompanying notes form an integral part of these interim condensed consolidated financial statements

¹ All periods presented reflect the 20:1 stock split effective on November 25, 2021.

Givex Information Technology Group Limited
Interim Condensed Consolidated Statements of Cash Flows
(Unaudited)
For the three months ended March 31, 2022 and 2021
(Expressed in thousands of Canadian dollars)

	2022	2021
Operating activities		
Net loss	\$ (2,581)	\$ (9)
Items not affecting cash and cash equivalents:		
Depreciation of property and equipment	230	410
Depreciation of right-of-use assets	589	500
Finance costs	131	130
Amortization of intangible assets	439	227
Gain on termination of lease contract	(30)	-
Share-based compensation	2,989	-
Income tax expense (recovery)	(527)	17
Unrealized foreign exchange gain	(7)	(99)
	1,233	1,176
Net changes in non-cash working capital (Note 12)	(3,236)	4,455
Interest paid	(119)	(130)
Income taxes paid	(67)	(275)
Cash flows provided by (used in) operating activities	(2,189)	5,226
Investing activities		
Change in restricted cash	931	-
Consideration paid on business acquisition, net of cash acquired (Note 4)	(7,832)	(971)
Purchase of property and equipment	(882)	(139)
Proceeds from repayment of loans receivable	100	-
Advances on loans receivable	-	(141)
Cash flows used in investing activities	(7,683)	(1,251)
Financing activities		
Lease payments	(617)	(514)
Repayment of promissory notes payable	(3)	(32)
Proceeds from bank loans	3,000	1,334
Repayment of bank loans	(687)	(473)
Proceeds from forgivable loan	-	10
Cash flows provided by financing activities	1,693	325
Foreign exchange loss on cash and cash equivalents	195	169
Net change in cash and cash equivalents	(7,984)	4,469
Cash and cash equivalents - beginning of year	36,817	15,065
Cash and cash equivalents - end of period	\$ 28,833	\$ 19,534

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Givex Information Technology Group Limited
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited)
Three months ended March 31, 2022 and 2021
(Expressed in thousands of Canadian dollars, except number of shares)

1. Nature of business

Givex Information Technology Group Limited (formerly County Capital 2 Ltd. – "County") (the "Corporation" or "Givex") was incorporated pursuant to the Business Corporations Act (British Columbia) on October 15, 2019.

The Corporation develops, sells, installs and supports five key technology solutions for merchants of all sizes, including single store locations and Fortune 500 companies with thousands of locations. A Givex client can use one or all of the Corporation's services as they are all designed and built to work together on one single platform. These solutions are Customer Engagement (including gift and loyalty), Enterprise POS, Payments, Integrations, and Analytics.

These unaudited condensed interim consolidated financial statements comprise Givex and its controlled subsidiaries. The Corporation's head office is located at 134 Peter Street, Suite 1400, Toronto,

The Corporation's shares are listed on the Toronto Stock Exchange (the "TSX") under the stock symbol "GIVX".

2. Basis of presentation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard (IAS) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB). Certain information and disclosures have been omitted or condensed. The same accounting policies and methods of computation were followed in the preparation of these condensed interim consolidated financial statements as were followed in the preparation of the most recent annual audited consolidated financial statements. These unaudited condensed interim consolidated financial statements should be read together with the Corporation's annual audited consolidated financial statements and notes thereto for the fiscal year ended December 31, 2021. Certain comparative figures have been reclassified in order to conform to the current period presentation.

These unaudited condensed interim consolidated financial statements were approved for issue by the Audit Committee of the Corporation on May 13, 2022.

3. Significant accounting policies

(a) Changes in subsidiaries

During the three months ended March 31, 2022, the Corporation acquired a 100% interest in Loyalty Lane, Inc. and 1157457 Ontario Inc. (operating as Kallex Equipment Services), each of which are now wholly-owned subsidiaries of the Corporation (note 4).

(b) Use of estimates and judgments

The preparation of the unaudited condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and reported amounts of revenues and expenses during the period. These estimates and assumptions are based on historical experience, expectations of the future, and other relevant factors and are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. Actual results may differ from these estimates.

In preparing these unaudited condensed interim consolidated financial statements, the significant judgments made by management in applying the Corporation's accounting policies and the key sources of uncertainty are the same as those applied and described in the Corporation's annual audited consolidated financial statements for the year ended December 31, 2021.

4. Business combinations

(a) Loyalty Lane, Inc.

On February 17, 2022, the Corporation acquired all of the issued and outstanding shares of Loyalty Lane, Inc., a company incorporated under the laws of Georgia carrying on the business of providing loyalty and rewards transaction processing for independent grocers in exchange for cash consideration as described below. The consideration paid was allocated to the net identifiable assets acquired based on their acquisition date fair values. The acquisition was accounted for as a business combination and, accordingly, the results of operations from February 17, 2022 have been included in the consolidated financial statements of the Corporation. The transaction is summarized as follows:

Consideration paid	
Cash and cash equivalents	\$ 7,438
189,081 common shares issued to existing shareholders of Loyalty Lane, Inc.	189
	<u>7,627</u>
Fair value of net identifiable assets acquired	
Cash and cash equivalents	389
Trade receivables	574
Prepaid expenses and deposits	53
Software	44
Customer list	4,800
Trade and other payables	(1,200)
Deferred tax liability	(1,008)
	<u>3,652</u>
Goodwill	<u>\$ 3,975</u>

The goodwill related to the acquisition of Loyalty Lane, Inc. is composed of the benefits of increasing the Corporation's strategic position by expanding its geographic market presence, the line of business presence and gaining access to the assembled workforce that does not qualify for separate recognition. The goodwill allocated to the Loyalty Lane, Inc. CGU is not deductible for tax purposes.

The amounts of revenue contributed by Loyalty Lane, Inc. from the date of acquisition and included in the Corporation's interim condensed consolidated statements of loss and comprehensive loss for the three months ended March 31, 2022 is \$699. The amount of net income contributed by Loyalty Lane, Inc. from the date of acquisition and included in the Corporation's interim condensed consolidated statements of loss and comprehensive loss for the three months ended March 31, 2022 is \$18. The business acquisition did not have a material impact on either the Corporation's revenue or the interim condensed statements of loss and comprehensive loss as if the acquisition had occurred at the beginning of the annual reporting period.

The initial accounting for the business combination is determined using provisional amounts. Adjustments to provisional amounts, and the recognition of newly identified assets and liabilities may be made within the measurement period.

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4. Business combinations (continued)

(b) 1157457 Ontario Inc. (operating as Kalex Equipment Services)

On January 25, 2022, the Corporation acquired all of the issued and outstanding shares of 1157457 Ontario Inc. (operating as Kalex Equipment Services "Kalex"), a company incorporated under the laws of Ontario for the consideration described below. Kalex carries on the business of reselling new and legacy information technology point-of-sale equipment to the Canadian retail sector and providing on-line and other support services to the POS retail equipment stores. The consideration paid was allocated to the net identifiable assets acquired based on their acquisition date fair values. The acquisition was accounted for as a business combination and, accordingly, the results of operations from January 25, 2022 have been included in the interim condensed consolidated financial statements of the Corporation for the three months ended. The transaction is summarized as follows:

Consideration paid	
Cash and cash equivalents	\$ 1,000
Promissory note payable	957
625,000 common shares issued to existing shareholders of Kalex	500
	\$ 2,457
Fair value of net identifiable assets acquired	
Cash	217
Trade receivables	905
Prepaid expenses and deposits	17
Inventory	262
Property and equipment	39
Right-of-use assets	254
Customer list	1,965
Trade and other payables	(393)
Lease liabilities	(254)
Deferred tax liability	(555)
	2,457
Goodwill	\$ -

The amounts of revenue contributed by Kalex from the date of acquisition and included in the Corporation's condensed interim consolidated statements of loss for the three months ended March 31, 2022 is \$792. The amount of net income contributed by Kalex from the date of acquisition and included in the Corporation's condensed interim consolidated statements of loss for the three months ended March 31, 2022 is \$51. The business acquisition did not have a material impact on either the Corporation's revenue or the interim condensed statements of loss and comprehensive loss as if the acquisition had occurred at the beginning of the annual reporting period.

The initial accounting for the business combination is determined using provisional amounts. Adjustments to provisional amounts, and the recognition of newly identified assets and liabilities may be made within the measurement period.

5. Goodwill

For impairment testing, goodwill acquired through business combinations is allocated to the various CGUs.

The carrying amount of goodwill allocated to each of the CGUs is as follows:

	ValuAccess Limited	Givex Canada Corp	Owen Business Systems Ltd.	Easy Information Solutions SA DE CV	PI Cash Système S.à.r.l	Loyalty Lane, Inc.	Total
Cost							
Balance as at January 1, 2021	\$ 177	\$ 381	\$ 584	\$ 762	\$ -	\$ -	\$ 1,904
Acquisition of a subsidiary	-	-	-	-	572	-	572
As at December 31, 2021	177	381	584	762	572	-	2,476
Acquisition of a subsidiary (Note 4)	-	-	-	-	-	3,975	3,975
As at March 31, 2022	\$ 177	\$ 381	\$ 584	\$ 762	\$ 572	\$ 3,975	\$ 6,451

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6. Intangible assets

	Customer list	Software	Total
Cost			
Balance as at January 1, 2021	\$ 5,209	\$ 69	\$ 5,278
Acquired through business combinations	595	-	595
As at December 31, 2021	5,804	69	5,873
Acquired through business combinations	6,765	44	6,809
As at March 31, 2022	\$ 12,569	\$ 113	\$ 12,682
Accumulated amortization			
Balance as at January 1, 2021	\$ 2,035	\$ 22	\$ 2,057
Additions	1,161	14	1,175
As at December 31, 2021	3,196	36	3,232
Additions	436	3	439
As at March 31, 2022	\$ 3,632	\$ 39	\$ 3,671
Net book value			
As at December 31, 2021	\$ 2,608	\$ 33	\$ 2,641
As at March 31, 2022	\$ 8,937	\$ 74	\$ 9,011

7. Bank loans

A continuity schedule of the Corporation's bank loans is as follows:

	Bank loan #1 (a)	Bank loan #2 (b)	Bank loan #3	Bank loan #4 (c)	Total
Balance as at January 1, 2021	\$ 646	\$ 3,560	\$ 26	\$ 115	\$ 4,347
Additions	1,954	-	-	-	1,954
Repayment of principal	-	(1,871)	(8)	(44)	(1,923)
As at December 31, 2021	2,600	1,689	18	71	4,378
Additions	-	3,000	-	-	3,000
Repayment of principal	(144)	(530)	(2)	(11)	(687)
As at March 31, 2022	2,456	4,159	16	60	6,691
Less: current portion	(2,456)	(1,548)	(9)	(42)	(4,055)
	\$ -	\$ 2,611	\$ 7	\$ 18	\$ 2,636

- (a) The Corporation has an operating line of credit with maximum borrowings of \$3,000. The facility is due on demand and bears interest at the bank's prime rate plus 0.5% per annum with interest payable monthly.
- (b) The Corporation has a revolving term facility with maximum borrowings of \$10,000 with a Canadian chartered bank. The facility is only made available to fund acquisitions that meet the conditions required by the bank. This facility bears interest at the bank's prime rate plus 1.75% per annum, payable in 36 equal monthly instalments of principal and interest. Prepayment is permitted without penalty at any time in whole or part. The bank loans have maturity dates between July 2022 and February 2027.
- (c) The Corporation has a term loan payable in blended monthly payments of \$4 including interest accrued at 2.80% per annum maturing September 10, 2023. Computer equipment with a carrying amount of approximately \$76 (December 31, 2021 - \$84) as at March 31, 2022 has been pledged as security.

Bank loan #1 and #2 are secured by a general security agreement constituting a first ranking security interest in all the assets of Givex Canada Corporation, general postponement and subordination of payments to shareholder and intercompany loans. In addition, all entities under the definition of the consolidated group in the agreement terms have provided a guarantee for an unlimited amount on the facilities. The Corporation cannot exceed the advances under the operating line of credit of \$3,000. In addition, the Corporation shall maintain a ratio of Consolidated current assets to Consolidated current liabilities of not less than 1.25:1, a Consolidated Fixed Coverage Ratio of not less than 1.20 to 1.00, a minimum Equity to Capitalization Ratio of not less than 20% and a Consolidated Total Funded Debt to Consolidated EBITDA ratio equal to or less than 3.00:1. During the three months ended March 31, 2022, the Corporation was in compliance with the covenants. Bank loan #3 and bank loan #4 do not have covenants.

In addition to the above loans, the Corporation has a non-revolving lease facility with maximum borrowings of \$305. The facility bears interest at the bank's prime rate plus 1.00% per annum. As at March 31, 2022, the balance outstanding for the lease facility was \$Nil (December 31, 2021 - \$Nil).

8. Share capital

The Corporation's authorized share capital consists of (i) an unlimited number of common shares, issuable in series and (ii) an unlimited number of preferred shares, issuable in a series. The Corporation has only issued common shares at March 31, 2022 and December 31, 2021.

9. Income taxes

As at March 31, 2022, Givex Canada Corp. is subject to an ongoing tax audit by the Canada Revenue Agency pertaining to management fees charged by Givex Corporation to Givex Canada Corp. If the tax authority is successful with their challenges, the Corporation's income tax expense may be adversely affected.

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10. Loss per share

The following table summarizes the calculation of the weighted average number of basic and diluted common shares for the three months ended March 31, 2022.

	March 31,	
	2022	2021
Issued common shares	118,194,060	90,213,300 ¹
Weighted average shares outstanding - basic	117,553,698	90,213,300
Weighted average shares outstanding - diluted	117,553,698	90,213,300
Loss per share basic and diluted	\$ (0.02)	\$ -

¹ Reflects the 20:1 stock split effective on November 25, 2021.

During the three months ended March 31, 2022, there were 351,307 (2021 - Nil) weighted average share options and warrants outstanding excluded from the computation of diluted loss per share as they were anti-dilutive.

11. Employee compensation

The total employee compensation comprising salaries and benefits, excluding government assistance, for the three months ended March 31, 2022 was \$6,076 (2021 - \$5,073). The total stock compensation expense to employees for the three months ended March 31, 2022 was \$2,989 (2021 - \$Nil).

12. Net changes in non-cash working capital

	March 31	
	2022	2021
Decrease in trade receivables	\$ 1,409	\$ 2,323
Decrease (increase) in inventory	(818)	357
Decrease in prepaid expenses and deposits	768	1,082
Increase (decrease) in trade and other payables	(3,560)	1,558
Decrease in government remittances payable	(366)	(81)
Decrease in contract liabilities	(669)	(784)
	\$ (3,236)	\$ 4,455

13. Related party transactions

The Corporation transacts with key individuals from management who have authority and responsibility to plan, direct, and control the activities of the Corporation. Key management personnel are defined as the executive officers of the Corporation.

Remuneration to key management was as follows:

	March 31,	
	2022	2021
Salaries and benefits	\$364	\$323
Stock-based compensation	1,200	-

During the three months ended March 31, 2022, companies controlled by a member of the key management personnel of the Corporation charged license fees of \$30 (2021 - \$30) and consulting fees of \$60 (2021 - \$60) to the Corporation, which are included in general and administrative expenses.

As at March 31, 2022, loans receivable of \$1,044 (December 31, 2021 - \$1,144) are due from companies controlled by a member of the key management personnel of the Corporation. The loans are non-interest bearing, unsecured and have no fixed terms of repayment.